

**BUCKLEY COMMUNITY SCHOOL**

**BUCKLEY, MICHIGAN**

**JUNE 30, 2006**

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2006

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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

July 10, 2006

### INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Buckley Community School  
Buckley, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Buckley Community School, Buckley, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Buckley Community School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckley Community School, Buckley, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2006, on our consideration of Buckley Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buckley Community School, Buckley, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

Buckley Community School, a K-12 school district located in Grand Traverse and Wexford Counties, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Buckley Community School administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

**A. Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**B. Government-Wide Financial Statements**

The government-wide financial statements, required by GASB 34, are calculated using full accrual accounting and more closely represent those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the noncurrent debt of the District.

**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

**C. Summary of Net Assets**

The following schedule summarizes the net assets at June 30,

<b>Assets</b>	2006	2005
Current Assets	<u>\$ 1,521,282</u>	<u>\$ 1,630,640</u>
Non Current Assets		
Capital Assets	\$ 6,540,495	\$ 6,580,367
Less Accumulated Depreciation	<u>(626,674)</u>	<u>(601,064)</u>
Total Non Current Assets	<u>\$ 5,913,821</u>	<u>\$ 5,979,303</u>
Total Assets	<u><u>\$ 7,435,103</u></u>	<u><u>\$ 7,609,943</u></u>
<b>Liabilities</b>		
Current Liabilities	\$ 1,344,450	\$ 1,511,938
Non Current Liabilities	<u>1,906,105</u>	<u>2,109,817</u>
Total Liabilities	<u><u>\$ 3,250,555</u></u>	<u><u>\$ 3,621,755</u></u>
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	\$ 3,820,455	\$ 3,505,254
Unrestricted	<u>364,093</u>	<u>482,934</u>
Total Net Assets	<u><u>\$ 4,184,548</u></u>	<u><u>\$ 3,988,188</u></u>
Total Liabilities and Net Assets	<u><u>\$ 7,435,103</u></u>	<u><u>\$ 7,609,943</u></u>

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2006, the District's net assets increased by \$196,360. A few of the more significant factors affecting net assets during the year are discussed below:

**1. Depreciation Expense**

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2006, \$67,525 was recorded for depreciation expense.

**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

**2. Capital Outlay Acquisitions**

For the year ended June 30, 2006, \$2,043 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease in capital assets in the amount of \$65,482 for the year ended June 30, 2006.

**E. Results of Operations**

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2006	% of Total	2005	% of Total
<b>General Revenues</b>				
Property Taxes	\$ 705,293	19.0%	\$ 908,480	22.8%
Unrestricted Investment Earnings	34,973	0.9%	25,172	0.6%
State Sources	2,308,873	62.1%	2,348,677	59.2%
Gain (Loss) on Sale of Fixed Assets	655	0.0%	(4,318)	-0.1%
Other	85,727	2.3%	67,186	1.7%
Total General Revenues	<u>\$ 3,135,521</u>	<u>84.3%</u>	<u>\$ 3,345,197</u>	<u>84.2%</u>
<b>Program Revenues</b>				
Charges for Services	\$ 50,400	1.4%	\$ 52,385	1.5%
Operating Grants	532,172	14.3%	568,278	14.3%
Total Program Revenues	<u>\$ 582,572</u>	<u>15.7%</u>	<u>\$ 620,663</u>	<u>15.8%</u>
Total Revenues	<u>\$ 3,718,093</u>	<u>100.0%</u>	<u>\$ 3,965,860</u>	<u>100.0%</u>
<b>Expenses</b>				
Instruction	\$ 2,037,968	57.8%	\$ 1,964,599	53.9%
Supporting Services	1,125,835	32.0%	1,173,401	32.2%
Food Service Activities	109,908	3.1%	137,244	3.8%
Athletic Activities	104,996	3.0%	103,011	2.8%
Community Services	402	0.0%	1,588	0.0%
Interest on Long-Term Debt	128,960	3.7%	167,068	4.6%
Other Transactions	12,710	0.4%	21,727	0.6%
Unallocated Depreciation	954	0.0%	77,197	2.1%
Total Expenses	<u>\$ 3,521,733</u>	<u>100.0%</u>	<u>\$ 3,645,835</u>	<u>100.0%</u>
Change in Net Assets	<u>\$ 196,360</u>		<u>\$ 320,025</u>	



**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

**F. Analysis of Significant Revenues and Expenses**

Significant revenues and expenditures are discussed in the segments below:

**1. Property Taxes**

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2005-2006 fiscal year, the District levied \$428,697 in non-homestead property taxes. This represented an increase of 9.55% from the prior year. The amount of unpaid property taxes at June 30, 2006, was \$620.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Increase (Decrease) from Prior Year
2005-2006	\$ 428,697	9.55%
2004-2005	391,339	19.72%
2003-2004	326,870	3.67%
2002-2003	315,306	8.80%
2001-2002	289,803	25.08%

**2. State Sources**

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2005-2006 fiscal year, the District received \$6,875 per student FTE.

**3. Student Enrollment**

The following schedule summarizes the blended student enrollment for the past five years:

**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

Fiscal Year	Blended Student FTE	FTE Change from Prior Year
2005-2006	409	(15)
2004-2005	424	15
2003-2004	409	(7)
2002-2003	416	0
2001-2002	416	19

#### **4. Operating Grants**

The District funds a significant portion of its operations with categorical sources. For the year ended June 30, 2006, federal, state, and other grants accounted for \$532,172. This represents a decrease of \$36,106 from the total grant sources received for the 2004-2005 fiscal year.

#### **5. 2005 Bond Issue**

The District refunded its 1995 bonds in May 2005. This refunding resulted in a \$381,977 interest savings and a net economic gain of \$263,692.

#### **6. Comparative Expenditures**

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

A comparison of expenditures by fund follows:

Expenditures	2005-2006 Fiscal Year	2004-2005 Fiscal Year	Increase (Decrease)
General Fund	\$ 3,200,532	\$ 3,397,274	\$ (196,742)
Food Service Fund	109,434	137,244	(27,810)
Athletic Activities Fund	94,473	103,011	(8,538)
Debt Service Funds	446,833	677,639	(230,806)
Total Expenditures	\$ 3,851,272	\$ 4,315,168	\$ (463,896)

**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

**G. General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2005-2006 fiscal year, the District amended the general fund budget once, with the Board adopting the changes in June 2006. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 3,312,952	\$ 3,273,920	\$ 3,305,363	\$ 31,443
<b><u>EXPENDITURES</u></b>				
Instruction	\$ 1,961,653	\$ 2,022,470	\$ 2,022,487	17
Supporting Services	1,118,026	1,064,121	1,051,497	(12,624)
Central Services	61,490	36,293	37,333	1,040
Community Services	1,589	402	402	0
Debt Service	63,598	70,700	76,103	5,403
Other Transactions	17,000	10,600	12,710	2,110
Total Expenditures	\$ 3,223,356	\$ 3,204,586	\$ 3,200,532	\$ (4,054)

The original revenue budget of \$3,312,952 was decreased to \$3,273,920 primarily as a result of decreased State Aid.

**H. Capital Asset and Debt Administration**

**1. Capital Assets**

By the end of the 2005-2006 fiscal year, the District had invested \$6,540,495 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net decrease of \$65,482 from the prior fiscal year. Depreciation expense for the year amounted to \$67,525 bringing the accumulation to \$626,674 as of June 30, 2006.

**2. Long-Term Debt**

At June 30, 2006, the District had \$2,211,106 in long-term debt outstanding. This represents a reduction of \$401,296 from the amount outstanding at the close of the prior fiscal year. No new debt was incurred during the 2005-2006 fiscal year.

**Buckley Community School  
Buckley, Michigan  
Management's Discussion and Analysis  
Year Ended June 30, 2006**

**I. Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2006-2007 fiscal year. The early indication is that the foundation allowance will be held flat with continued pro-ration of the discretionary payment. This will pose a challenge to the District to maintain structural balance while continuing with its educational programming.
- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. The District has been experiencing double-digit increases. The contract for 2005-2006 has been settled with the insurance changing to MESSA Choices 2 which is less expensive by 10.4%, but health insurance premiums will continue to increase.
- Additionally, the State increased the retirement rate to 16.34% during 2005-2006, the retirement rate is expected to increase again in 2006-2007.
- Voters approved a new building and site bond issue in the amount of \$3,320,000 on May 2, 2006. The bond proceeds will be used for building improvements, technology equipment, furniture, educational equipment and school buses.

**Contacting the District's Financial Management**

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Buckley Community School, 305 S. First Street, Buckley, Michigan 49620.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 277,406
Taxes Receivable	620
Accounts Receivable	2,914
Due from Other Governments	468,244
Inventories	5,094
Prepaid Expenditures	4,800
Investments	762,204
Total Current Assets	<u>\$ 1,521,282</u>
<u>NONCURRENT ASSETS</u>	
Capital Assets	\$ 6,540,495
Less Accumulated Depreciation	(626,674)
Total Non Current Assets	<u>\$ 5,913,821</u>
TOTAL ASSETS	<u><u>\$ 7,435,103</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 800
Bid Deposits	66,400
State Aid Anticipation Note	800,000
Accrued Expenses	98,218
Accrued Interest Payable	12,559
Salaries Payable	158,959
Current Portion of Noncurrent Liabilities	207,514
Total Current Liabilities	<u>\$ 1,344,450</u>
<u>NONCURRENT LIABILITIES</u>	
Bonds Payable (Net of Unamortized Issuance Costs)	\$ 2,049,906
Equipment Contracts Payable	43,460
Compensated Absences	20,253
Less Current Portion of Non Current Liabilities	(207,514)
Total Non Current Liabilities	<u>\$ 1,906,105</u>
Total Liabilities	<u>\$ 3,250,555</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	\$ 3,820,455
Unrestricted	364,093
Total Net Assets	<u>\$ 4,184,548</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,435,103</u></u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 1,675,557	\$ 31	\$ 4,288	\$ (1,671,238)
Added Needs	362,411	0	312,296	(50,115)
Supporting Services				
Pupil	82,601	0	101,652	19,051
Instructional Staff	47,287	0	35,969	(11,318)
General Administration	146,970	0	0	(146,970)
School Administration	167,949	0	0	(167,949)
Business	108,162	0	0	(108,162)
Operation and Maintenance of Plant	348,506	409	0	(348,097)
Pupil Transportation Services	180,458		0	(180,458)
Central Services	43,902	0	0	(43,902)
Food Service Activities	109,908	39,613	72,202	1,907
Athletic Activities	104,996	10,347	2,754	(91,895)
Community Services	402	0	0	(402)
Interest on Long Term Debt	128,960	0	3,011	(125,949)
Other Transactions	12,710	0	0	(12,710)
Unallocated Depreciation	954	0	0	(954)
Total Governmental Activities	<u>\$ 3,521,733</u>	<u>\$ 50,400</u>	<u>\$ 532,172</u>	<u>\$ (2,939,161)</u>
<u>GENERAL REVENUES</u>				
Property Taxes -General Purposes				\$ 428,923
Property Taxes -Debt Service				276,370
Investment Earnings				34,973
State Sources				2,308,873
Gain (Loss) on Sale of Fixed Assets				655
Other				85,727
Total General Revenues				<u>\$ 3,135,521</u>
Change in Net Assets				\$ 196,360
<u>NET ASSETS</u> - Beginning of Year				<u>3,988,188</u>
<u>NET ASSETS</u> - End of Year				<u>\$ 4,184,548</u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	GENERAL FUND	2005 DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 159,843	\$ 105,136	\$ 12,427	\$ 277,406
Taxes Receivable	491	129	0	620
Accounts Receivable	2,914	0	0	2,914
Due from Other Funds	4,120	131	8,855	13,106
Due from Other Governments	468,244	0	0	468,244
Inventories	2,000	0	3,094	5,094
Prepaid Expenditures	4,800	0	0	4,800
Investments	695,778	0	66,426	762,204
TOTAL ASSETS	\$ 1,338,190	\$ 105,396	\$ 90,802	\$ 1,534,388
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 800	\$ 0	\$ 0	\$ 800
Bid Deposits	0	0	66,400	66,400
State Aid Anticipation Note Payable	800,000	0	0	800,000
Accrued Expenses	98,218	0	0	98,218
Salaries Payable	158,959	0	0	158,959
Due to Other Funds	8,986	0	4,120	13,106
Deferred Revenue	491	129	0	620
Total Liabilities	\$ 1,067,454	\$ 129	\$ 70,520	\$ 1,138,103
<u>FUND BALANCES</u>				
Reserved for Inventory	\$ 2,000	\$ 0	\$ 3,094	\$ 5,094
Reserved for Prepaid Expenditures	4,800	0	0	4,800
Unreserved				
Designated for Debt Service	0	105,267	0	105,267
Designated for Food Service	0	0	13,052	13,052
Designated for Athletics	0	0	4,110	4,110
Unreserved, Undesignated	263,936	0	26	263,962
Total Fund Balances	\$ 270,736	\$ 105,267	\$ 20,282	\$ 396,285
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,338,190	\$ 105,396	\$ 90,802	\$ 1,534,388

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2006

Total Governmental Fund Balances		\$	396,285
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			
The cost of the capital assets is	\$	6,540,495	
Accumulated depreciation is		<u>(626,674)</u>	5,913,821
Long term liabilities are not due and payable in the current period and are not reported in the funds			
Loans Payable			(43,460)
Bonds Payable			(2,147,393)
Compensated Absences			(20,253)
Governmental funds expense the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			97,487
Accrued interest on long-term debt is not included as a liability in governmental funds, it is recorded when paid			(12,559)
Balance of taxes receivable at June 30, 2006, expected to be collected after September 1, 2006			<u>620</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$	<u><u>4,184,548</u></u>

The accompanying notes are an integral part of these financial statements.



BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2006

	GENERAL FUND	2005 DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 501,643	\$ 284,087	\$ 52,882	\$ 838,612
State Sources	2,508,271	0	12,176	2,520,447
Federal Sources	254,807	0	63,037	317,844
Other Transactions	40,642	0	0	40,642
Total Revenues	\$ 3,305,363	\$ 284,087	\$ 128,095	\$ 3,717,545
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	\$ 1,660,076	\$ 0	\$ 0	\$ 1,660,076
Added Needs	362,411	0	0	362,411
Supporting Services				
Pupil	82,601	0	0	82,601
Instructional Staff	47,287	0	0	47,287
General Administration	146,970	0	0	146,970
School Administration	167,949	0	0	167,949
Business	108,162	0	0	108,162
Operation and Maintenance	346,945	0	0	346,945
Pupil Transportation Services	151,583	0	0	151,583
Central Services	37,333	0	0	37,333
Food Service Activities	0	0	109,434	109,434
Athletic Activities	0	0	94,473	94,473
Community Services	402	0	0	402
Debt Service				
Principal	52,277	339,337	0	391,614
Interest	23,826	104,485	3,011	131,322
Other Transactions	12,710	0	0	12,710
Total Expenditures	\$ 3,200,532	\$ 443,822	\$ 206,918	\$ 3,851,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 104,831	\$ (159,735)	\$ (78,823)	\$ (133,727)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 0	\$ 0	\$ 84,930	\$ 84,930
Transfers Out	(84,930)	0	0	(84,930)
Total Other Financing Sources (Uses)	\$ (84,930)	\$ 0	\$ 84,930	\$ 0
Net Change in Fund Balance	\$ 19,901	\$ (159,735)	\$ 6,107	\$ (133,727)
<u>FUND BALANCES</u> - Beginning of Year	250,835	265,002	14,175	530,012
<u>FUND BALANCES</u> - End of Year	\$ 270,736	\$ 105,267	\$ 20,282	\$ 396,285

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Net change in Fund Balances Total Governmental Funds	\$ (133,727)
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(67,525)
Capital Outlay	2,043

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	25,841
Accrued Interest Payable - End of Year	(12,559)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	391,614
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Amortization of Bond Issuance Costs	(10,920)
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Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred Revenue - Beginning of Year	(72)
Deferred Revenue - End of Year	620

Employees Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	21,298
Compensated Absences - End of Year	<u>(20,253)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 196,360</u>
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The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

JUNE 30, 2006

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash	\$ 75,495
Investments	<u>250</u>
 TOTAL ASSETS	 <u><u>\$ 75,745</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
 <u>LIABILITIES</u>	
Due to Groups and Organizations	\$ 75,745
 <u>NET ASSETS</u>	 <u>0</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 75,745</u></u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Buckley Community School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The School District is located in Wexford and Grand Traverse Counties with its administrative offices located in Buckley, Michigan. The District operates under an elected 7-member board of education and provides services to its 409 students in elementary, middle school, high school, special education, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
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The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *DEBT SERVICE FUND* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Other Non-Major Funds**

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

**Fiduciary Funds**

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

BUCKLEY COMMUNITY SCHOOL  
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This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For the year ended June 30, 2006, the per pupil foundation allowance was \$6,875 for Buckley Community School.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governments.

BUCKLEY COMMUNITY SCHOOL  
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The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**D. Other Accounting Policies**

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government, or obligations of the state.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (e) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
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funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due December 1. Unpaid taxes become delinquent as of February 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund – Non-homestead	18.0000
Debt Service Fund – Homestead and non-homestead	3.9500

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventory in the General Fund consists of supplies held for consumption. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's capitalization policy is to capitalize individual items exceeding \$2,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the



BUCKLEY COMMUNITY SCHOOL  
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individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has elected to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

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Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 30, 2005, or as amended by the School Board of Education on June 27, 2006.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

The District's deposits and investments are on deposit with Bank One, Honor State Bank, Fifth Third Bank and Michigan School District Liquid Asset Fund Plus.

*Investment rate risk.* The District minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
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*Foreign currency risk.* The District is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The District minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

*Concentration of credit risk.* The District minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$83,395 of the government's bank balance of \$371,360 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

At year-end, the carrying amount of the District's deposits was \$352,601. The bank balance was \$371,360, of which \$287,965 was covered by federal depository insurance and \$83,395 was uninsured and uncollateralized. The District places its deposits with high quality financial institutions. Although such deposits exceed federally insured limits, they are, in the opinion of the District, subject to minimal risk.

Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
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At year-end, the only investments were investment trust funds.

Investments not subject to categorization:

Investment Trust Funds \$ 762,204

The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2006, the fair value of the District’s investments is the same as the value of the pool shares.

**B. Receivables**

Receivables as of year end for the government’s individual major funds and nonmajor funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	GENERAL FUND	DEBT SERVICE FUND	NONMAJOR AND OTHER FUNDS	TOTAL
Receivables				
Taxes	\$ 491	\$ 129	\$ 0	\$ 620
Accounts	2,914	0	0	2,914
Due from Other Governments	468,244	0	0	468,244
	<u>\$ 471,649</u>	<u>\$ 129</u>	<u>\$ 0</u>	<u>\$ 471,778</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable-General Fund	\$ 491	\$ 0
Delinquent Property Taxes Receivable-Debt Service Fund	129	0
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 620</u>	<u>\$ 0</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
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**C. Capital Assets**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets not being depreciated - Land	\$ 38,334	\$ 0	\$ 0	\$ 38,334
Capital assets being depreciated				
Land improvements	\$ 75,630	\$ 0	\$ 0	\$ 75,630
Buildings and additions	5,889,891	0	0	5,889,891
Machinery and equipment	266,774	2,043	0	268,817
Transportation equipment	309,738	0	41,915	267,823
Subtotal	<u>\$ 6,542,033</u>	<u>\$ 2,043</u>	<u>\$ 41,915</u>	<u>\$ 6,502,161</u>
Less accumulated depreciation for:				
Land improvements	\$ 32,498	\$ 3,847	\$ 0	\$ 36,345
Buildings and additions	271,620	21,099	0	292,719
Machinery and equipment	173,649	15,797	0	189,446
Transportation equipment	123,297	26,782	41,915	108,164
Accumulated Depreciation	<u>\$ 601,064</u>	<u>\$ 67,525</u>	<u>\$ 41,915</u>	<u>\$ 626,674</u>
Net capital assets being depreciated	<u>\$ 5,940,969</u>	<u>\$ (65,482)</u>	<u>\$ 0</u>	<u>\$ 5,875,487</u>
Net capital assets	<u>\$ 5,979,303</u>	<u>\$ (65,482)</u>	<u>\$ 0</u>	<u>\$ 5,913,821</u>

Depreciation for the fiscal year ended June 30, 2006 amounted to \$67,525, and was allocated as follows:

Instruction	\$ 16,526
Operation and Maintenance	3,604
Transportation	28,875
Central Technology Services	6,569
Food Service	474
Athletics	10,523
Unallocated	954
	<u>\$ 67,525</u>

**D. Long-Term Debt**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

BUCKLEY COMMUNITY SCHOOL  
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NOTES TO FINANCIAL STATEMENTS  
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The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2006:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
2005 Refunding Bonds	\$2,327,393	\$ 0	\$180,000	\$2,147,393	\$ 176,630
Less:Deferred Charges - Net of Amortization	(108,407)	0	(10,920)	(97,487)	0
Total Bonds Payable	\$2,218,986	\$ 0	\$169,080	\$2,049,906	\$ 176,630
Compensated Absences	21,298	0	1,045	20,253	0
School Bond Loan	159,337	0	159,337	0	0
School Bond Loan Accrued Interest	8,648	0	8,648	0	0
School Bus Loans	86,423	0	42,963	43,460	30,884
Capital Lease	9,303	0	9,303	0	0
Total	\$2,503,995	\$ 0	\$390,376	\$2,113,619	\$ 207,514

At June 30, 2006, the District's long-term debt consisted of the following issues:

2005 School Building and Site Bonds Due in Annual Installments of \$95,000 to \$175,000 through May 1, 2025, Interest at 3.00% to 4.20%	\$2,120,000
1998 School improvement bonds due in annual installments of \$1,630 to \$13,677, through May 15, 2013, interest at 3.206%, being serviced by designated state aid	27,393
School bus Contract, payable \$3,163 per month, interest at 3.03%	43,460
Accumulated Sick Pay	20,253
Total long-term debt	<u>\$2,211,106</u>

The requirements to amortize debt outstanding as of June 30, 2006, including interest of \$747,822 are as follows:

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Year ending June 30,	Bonds		School Bus Loans		Amounts Payable
	Principal	Interest	Principal	Interest	
2007	\$ 176,630	\$ 76,069	\$ 30,884	\$ 748	\$ 284,331
2008	177,185	70,264	12,576	76	260,101
2009	172,255	64,944	0	0	237,199
2010	112,327	59,772	0	0	172,099
2011	97,402	56,397	0	0	153,799
2012-2016	511,594	233,902	0	0	745,496
2017-2021	500,000	143,650	0	0	643,650
2022-2025	400,000	42,000	0	0	442,000
	<u>\$ 2,147,393</u>	<u>\$ 746,998</u>	<u>\$ 43,460</u>	<u>\$ 824</u>	<u>\$ 2,938,675</u>

Compensated Absences	<u>20,253</u>
	<u><u>\$ 2,958,928</u></u>

**E. Short-Term Debt**

The District owed \$850,000 on a State Aid Anticipation Note at the beginning of the year which was paid off in July of 2005. During the year the District borrowed \$800,000 on a State Aid Anticipation Note which will be paid off in July of 2006.

**F. Interfund Receivables, Payables, and Transfers**

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2006, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 4,120	\$ 8,986
Food Service Fund	8,855	4,120
2005 Debt Retirement Fund	131	0
	<u>\$ 13,106</u>	<u>\$ 13,106</u>

Interfund transfers as shown in the individual fund financial statements at June 30, 2006, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 84,930
Athletic Activities Fund	84,930	0
	<u>\$ 84,930</u>	<u>\$ 84,930</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

**G. Designated and Reserved Fund Balance**

The School has reserved or designated the fund balances as follows:

1. Food Service and Athletic Activities

The School's policy is to show fund balance of the Food Service Fund and Athletic Activities Fund as designated for those purposes.

2. Debt Service

The entire fund balance of the Debt Service Fund is reserved for debt service.

3. Inventory and Prepaid Expenditures

The General Fund Balance is reserved for inventories and prepaid expenditures to emphasize that these amounts are not appropriable for other purposes.

**H. Lease Information**

*Operating Leases* – The School District is committed under noncancellable leases for a computer and office equipment. These leases are operating leases with no contingent lease payments. Lease expense (including short-term rental) for the current year was \$12,880. Future minimum lease payments are as follows

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2007	\$ 12,993
2008	12,993
2009	7,369

**NOTE 4 – OTHER INFORMATION**

**A. Employee Retirement System**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.



BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the first quarter of the year ended June 30, 2006, was 14.87%, and for the last three quarters it was 16.34%. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2006, 2005 and 2004 were \$282,415, \$270,229 and \$244,220 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

**C. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

**D. 2006 School Building and Site Bonds**

2006 School Building and Site Bonds were authorized in an election on May 2, 2006, in the amount of \$3,320,000. They are for the purpose of erecting, furnishing and equipping additions to, and partially remodeling, furnishing and refurnishing, equipping and re-equipping school facilities; acquiring, installing and equipping technology for school facilities; acquiring school buses; constructing, equipping, developing and improving athletic fields, facilities and playgrounds; and developing and improving sites. The bonds will be dated July 19, 2006.

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR FUNDS  
YEAR ENDED JUNE 30, 2006

GENERAL FUND

2005 DEBT RETIREMENT FUND

	GENERAL FUND			2005 DEBT RETIREMENT FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS
<u>REVENUES</u>						
Local Sources	\$ 452,869	\$ 474,250	\$ 501,643	\$ 467,060	\$ 285,475	\$ 284,087
State Sources	2,554,945	2,498,024	2,508,271	0	0	0
Federal Sources	268,829	260,591	254,807	0	0	0
Other Transactions	36,309	41,055	40,642	0	0	0
Total Revenues	<u>\$ 3,312,952</u>	<u>\$ 3,273,920</u>	<u>\$ 3,305,363</u>	<u>\$ 467,060</u>	<u>\$ 285,475</u>	<u>\$ 284,087</u>
<u>EXPENDITURES</u>						
Instruction						
Basic Programs	\$ 1,611,183	\$ 1,659,125	\$ 1,660,076	\$ 0	\$ 0	\$ 0
Added Needs	350,470	363,345	362,411	0	0	0
Supporting Services						
Pupil	118,716	84,611	82,601	0	0	0
Instructional Staff	51,656	47,707	47,287	0	0	0
General Administration	150,334	145,407	146,970	0	0	0
School Administration	167,968	168,150	167,949	0	0	0
Business	96,833	108,235	108,162	0	0	0
Operation and Maintenance	376,918	357,289	346,945	0	0	0
Pupil Transportation Services	155,601	152,722	151,583	0	0	0
Central Services	61,490	36,293	37,333	0	0	0
Community Services	1,589	402	402	0	0	0
Debt Service						
Principal Reduction	63,598	51,800	52,277	340,000	340,000	339,337
Interest and Fiscal Charges	0	18,900	23,826	149,833	148,833	104,085
Dues and Fees	0	0	0	400	400	400
Other Transactions	17,000	10,600	12,710	0	0	0
Total Expenditures	<u>\$ 3,223,356</u>	<u>\$ 3,204,586</u>	<u>\$ 3,200,532</u>	<u>\$ 490,233</u>	<u>\$ 489,233</u>	<u>\$ 443,822</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 89,596	\$ 69,334	\$ 104,831	\$ (23,173)	\$ (203,758)	\$ (159,735)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers Out	(92,300)	(84,300)	(84,930)	0	0	0
Net Change in Fund Balance	\$ (2,704)	\$ (14,966)	\$ 19,901	\$ (23,173)	\$ (203,758)	\$ (159,735)
<u>FUND BALANCE</u> - Beginning of Year	250,835	250,835	250,835	265,002	265,002	265,002
<u>FUND BALANCE</u> - End of Year	<u>\$ 248,131</u>	<u>\$ 235,869</u>	<u>\$ 270,736</u>	<u>\$ 241,829</u>	<u>\$ 61,244</u>	<u>\$ 105,267</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>		<u>DURANT DEBT</u>	<u>2006</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>RETIREMENT</u>	<u>CAPITAL</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>FUND</u>	<u>PROJECTS FUND</u>	<u>GOVERNMENTAL</u>
					<u>FUNDS</u>
<u>ASSETS</u>					
Cash	\$ 8,317	\$ 4,110	\$ 0	\$ 0	\$ 12,427
Due from Other Funds	8,855	0	0	0	8,855
Inventory	3,094	0	0	0	3,094
Investments	0	0	0	66,426	66,426
<b>TOTAL ASSETS</b>	<b>\$ 20,266</b>	<b>\$ 4,110</b>	<b>\$ 0</b>	<b>\$ 66,426</b>	<b>\$ 90,802</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Bid Deposits	\$ 0	\$ 0	\$ 0	\$ 66,400	\$ 66,400
Due to Other Funds	4,120	0	0	0	4,120
<b>TOTAL LIABILITIES</b>	<b>\$ 4,120</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 66,400</b>	<b>\$ 70,520</b>
<u>FUND BALANCE</u>					
Reserved for Inventory	\$ 3,094	\$ 0	\$ 0	\$ 0	\$ 3,094
Designated for Food Service	13,052	0	0	0	13,052
Designated for Athletic Activities	0	4,110	0	0	4,110
Undesignated	0	0	0	26	26
<b>Total Fund Balances</b>	<b>\$ 16,146</b>	<b>\$ 4,110</b>	<b>\$ 0</b>	<b>\$ 26</b>	<b>\$ 20,282</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,266</b>	<b>\$ 4,110</b>	<b>\$ 0</b>	<b>\$ 66,426</b>	<b>\$ 90,802</b>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>		<u>DURANT DEBT</u>	<u>2006</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>RETIREMENT</u>	<u>CAPITAL</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>FUND</u>	<u>PROJECTS FUND</u>	<u>GOVERNMENTAL</u>
					<u>FUNDS</u>
<u>REVENUES</u>					
Local Sources	\$ 39,696	\$ 13,160	\$ 0	\$ 26	\$ 52,882
State Sources	9,165	0	3,011	0	12,176
Federal Sources	63,037	0	0	0	63,037
Total Revenues	\$ 111,898	\$ 13,160	\$ 3,011	\$ 26	\$ 128,095
<u>EXPENDITURES</u>					
Food Service Activities	\$ 109,434	\$ 0	\$ 0	\$ 0	\$ 109,434
Athletic Activities	0	94,473	0	0	94,473
Debt Service	0	0	3,011	0	3,011
Total Expenditures	\$ 109,434	\$ 94,473	\$ 3,011	\$ 0	\$ 206,918
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,464	\$ (81,313)	\$ 0	\$ 26	\$ (78,823)
<u>OTHER FINANCING SOURCES</u>					
Transfers In	0	84,930	0	0	84,930
Net Change in Fund Balance	\$ 2,464	\$ 3,617	\$ 0	\$ 26	\$ 6,107
<u>FUND BALANCE</u> - Beginning of Year	13,682	493	0	0	14,175
<u>FUND BALANCE</u> - End of Year	\$ 16,146	\$ 4,110	\$ 0	\$ 26	\$ 20,282

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	2006	2005
<hr/>		
<u>ASSETS</u>		
Cash	\$ 159,843	\$ 92,366
Taxes Receivable	491	36
Accounts Receivable	2,914	0
Due from Other Funds	4,120	840
Due from Other Governmental Units	468,244	462,978
Inventory	2,000	2,000
Prepaid Expenditures	4,800	4,872
Investments	695,778	795,729
<hr/>		
TOTAL ASSETS	\$ 1,338,190	\$ 1,358,821
<hr/>		
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 800	\$ 5,350
State Aid Anticipation Note Payable	800,000	850,000
Due to Other Funds	8,986	7,394
Accrued Expenses	98,218	90,123
Salaries Payable	158,959	153,913
Deferred Revenue	491	1,206
<hr/>		
Total Liabilities	\$ 1,067,454	\$ 1,107,986
<hr/>		
<u>FUND BALANCE</u>		
Reserved for:		
Inventory	\$ 2,000	\$ 2,000
Prepaid Expenditures	4,800	4,872
Unreserved		
Undesignated	263,936	243,963
<hr/>		
Total Fund Balance	\$ 270,736	\$ 250,835
<hr/>		
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,338,190	\$ 1,358,821
<hr/>		

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 474,250	\$ 501,643	\$ 437,498
State Sources	2,498,024	2,508,271	2,556,931
Federal Sources	260,591	254,807	278,483
Other Transactions	41,055	40,642	53,650
Total Revenues	<u>\$ 3,273,920</u>	<u>\$ 3,305,363</u>	<u>\$ 3,326,562</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	\$ 888,306	\$ 888,952	\$ 861,620
Middle School/Junior High	73,283	73,674	51,520
High School	683,490	683,412	686,606
Preschool	505	497	19,194
Summer School	13,541	13,541	14,570
Added Needs			
Special Education	192,626	192,388	187,930
Compensatory Education	170,719	170,023	145,589
Career and Technology Education	0	0	541
Supporting Services			
Pupil Support Services			
Guidance Services	71,410	69,593	68,340
Social Work Services	13,201	13,008	19,231
Other Pupil Support Services	0	0	34,491
Instructional Staff			
Improvement of Instruction	2,594	2,580	3,851
Educational Media Services	35,215	34,928	38,020
Supervision and Direction of Instructional Staff	9,898	9,779	9,250

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
General Administration			
Board of Education	28,540	30,290	39,506
Executive Administration	116,867	116,680	99,943
School Administration			
Office of the Principal	166,930	166,831	163,152
Other School Administration	1,220	1,118	1,407
Business			
Fiscal Services	64,315	64,382	63,343
Other Business Services	43,920	43,780	35,104
Operation and Maintenance of Plant	357,289	346,945	397,008
Pupil Transportation Services	152,722	151,583	279,838
Central Services			
Information Management Services	18,063	19,113	51,112
Other Central Services	18,230	18,220	15,674
Community Services			
Community Learning Center	402	402	1,588
Other Transactions			
Transfers to Other School Districts	10,600	12,710	21,727
Debt Service			
Principal Reduction	51,800	52,277	66,295
Interest and Fiscal Charges	18,900	23,826	20,824
Total Expenditures	<u>\$ 3,204,586</u>	<u>\$ 3,200,532</u>	<u>\$ 3,397,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 69,334</u>	<u>\$ 104,831</u>	<u>\$ (70,712)</u>



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
School Bus Loan Proceeds	\$ 0	\$ 0	\$ 108,505
Transfers Out			
Food Service Fund	0	0	(11,846)
Athletic Activities Fund	(84,300)	(84,930)	(92,989)
Total Other Financing Sources (Uses)	<u>\$ (84,300)</u>	<u>\$ (84,930)</u>	<u>\$ 3,670</u>
Net Change in Fund Balance	\$ (14,966)	\$ 19,901	\$ (67,042)
<u>FUND BALANCE</u> - Beginning of Year	<u>250,835</u>	<u>250,835</u>	<u>317,877</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 235,869</u>	<u>\$ 270,736</u>	<u>\$ 250,835</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Property Taxes			
Operating Millage	\$ 428,720	\$ 428,468	\$ 404,462
Penalties and Interest on Delinquent Taxes	0	0	2
Tuition			
Regular	30	31	21
Earnings on Investments and Deposits	20,000	26,997	10,631
Rentals	500	409	0
Private Contributions	5,500	11,607	5,286
Miscellaneous	19,500	34,131	17,096
Total Local Sources	<u>\$ 474,250</u>	<u>\$ 501,643</u>	<u>\$ 437,498</u>
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	\$ 2,276,602	\$ 2,308,873	\$ 2,348,677
Foundation Allowance - Special Education	117,000	95,370	107,621
Grants-In-Aid Restricted			
State School Aid			
At Risk	95,290	95,054	76,116
ASAP Way to Grow	4,845	4,686	20,173
Durant Settlement	4,287	4,288	4,288
Gifted and Talented	0	0	56
Total State Sources	<u>\$ 2,498,024</u>	<u>\$ 2,508,271</u>	<u>\$ 2,556,931</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Direct Grants			
Title VI B Small Rural School Grant	\$ 11,300	\$ 11,368	\$ 11,821
Received Through Michigan Department of Education			
Title I	103,310	103,310	121,778
Title V LEA Allocation	2,601	2,601	3,462
Technology Literacy Challenge Grant	0	0	3,089
Improving Teacher Quality Grant	34,042	34,042	34,020
Received Through Traverse City Area Public Schools			
Community Learning Center	90,583	90,766	97,620
Received Through Family Independence Agency			
Strong Families Safe Children Grant	6,500	6,200	4,000
Received Through Traverse Bay Area ISD			
Drug Free Schools Grant	0	0	311
Improving Teacher Quality Grant	1,927	1,927	0
IDEA Grants	10,328	4,593	560
Medicaid Outreach	0	0	1,822
Total Federal Sources	<u>\$ 260,591</u>	<u>\$ 254,807</u>	<u>\$ 278,483</u>
<u>OTHER TRANSACTIONS</u>			
Transfers from TBA			
County Special Education Tax	\$ 23,400	\$ 23,491	\$ 23,438
Other Transfers from TBA	13,000	12,929	19,436
Transportation	0	0	1,992
Refunds of Prior Years Expense	4,000	3,567	1,927
Sale of Fixed Assets	655	655	6,857
Total Other Transactions	<u>\$ 41,055</u>	<u>\$ 40,642</u>	<u>\$ 53,650</u>
 TOTAL REVENUES	 <u>\$ 3,273,920</u>	 <u>\$ 3,305,363</u>	 <u>\$ 3,326,562</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 595,695	\$ 596,430	\$ 561,251
Employee Benefits	280,846	280,838	276,117
Purchased Services	230	228	0
Supplies and Materials	11,135	11,072	20,752
Capital Outlay	400	384	3,500
Total Elementary	<u>\$ 888,306</u>	<u>\$ 888,952</u>	<u>\$ 861,620</u>
<u>Middle School/Junior High</u>			
Salaries	\$ 41,233	\$ 41,004	\$ 32,484
Employee Benefits	23,587	23,643	17,302
Purchased Services	1,555	1,555	0
Supplies and Materials	3,058	3,648	869
Capital Outlay	1,800	1,785	715
Other Expense	2,050	2,039	150
Total Middle School/Junior High	<u>\$ 73,283</u>	<u>\$ 73,674</u>	<u>\$ 51,520</u>
<u>High School</u>			
Salaries	\$ 429,890	\$ 429,883	\$ 434,201
Employee Benefits	234,151	234,092	220,032
Purchased Services	6,915	6,915	14,066
Supplies and Materials	11,524	11,519	14,199
Capital Outlay	500	497	3,387
Other Expense	510	506	721
Total High School	<u>\$ 683,490</u>	<u>\$ 683,412</u>	<u>\$ 686,606</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Preschool</u>			
Salaries	\$ 320	\$ 320	\$ 9,274
Employee Benefits	80	77	3,454
Purchased Services	0	0	407
Supplies and Materials	105	100	2,119
Other Expense	0	0	3,940
Total Preschool	<u>\$ 505</u>	<u>\$ 497</u>	<u>\$ 19,194</u>
<u>Summer School</u>			
Salaries	\$ 7,727	\$ 7,727	\$ 7,296
Employee Benefits	1,745	1,744	1,549
Purchased Services	3,067	3,067	5,230
Supplies and Materials	1,002	1,003	495
Total Summer School	<u>\$ 13,541</u>	<u>\$ 13,541</u>	<u>\$ 14,570</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	\$ 124,025	\$ 124,024	\$ 128,176
Employee Benefits	66,677	66,452	56,982
Purchased Services	424	424	337
Supplies and Materials	1,500	1,488	2,435
Total Special Education	<u>\$ 192,626</u>	<u>\$ 192,388</u>	<u>\$ 187,930</u>
<u>Compensatory Education</u>			
Salaries	\$ 110,964	\$ 110,964	\$ 93,765
Employee Benefits	59,204	58,701	51,743
Supplies and Materials	551	358	81
Total Compensatory Education	<u>\$ 170,719</u>	<u>\$ 170,023</u>	<u>\$ 145,589</u>
<u>Career and Technology Education</u>			
Supplies and Materials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 541</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>SUPPORTING SERVICES</u>			
<u>Pupil Support Services</u>			
<u>Guidance Services</u>			
Salaries	\$ 43,561	\$ 42,066	\$ 43,785
Employee Benefits	27,849	27,527	24,555
Total Guidance Services	<u>\$ 71,410</u>	<u>\$ 69,593</u>	<u>\$ 68,340</u>
<u>Social Work Services</u>			
Salaries	\$ 10,180	\$ 10,181	\$ 15,601
Employee Benefits	2,671	2,495	3,630
Purchased Services	50	33	0
Supplies and Materials	300	299	0
Total Social Work Services	<u>\$ 13,201</u>	<u>\$ 13,008</u>	<u>\$ 19,231</u>
<u>Other Pupil Support Services</u>			
Salaries	\$ 0	\$ 0	\$ 14,594
Employee Benefits	0	0	3,427
Purchased Services	0	0	12,482
Supplies and Materials	0	0	2,944
Other Expense	0	0	1,044
Total Other Pupil Support Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,491</u>
<u>Instructional Staff</u>			
<u>Improvement of Instruction</u>			
Purchased Services	\$ 2,594	\$ 2,580	\$ 3,740
Supplies and Materials	0	0	111
Total Improvement of Instruction	<u>\$ 2,594</u>	<u>\$ 2,580</u>	<u>\$ 3,851</u>
<u>Educational Media Services</u>			
Salaries	\$ 14,023	\$ 14,017	\$ 15,600
Employee Benefits	18,191	17,922	18,083
Supplies and Materials	3,001	2,989	4,337
Total Educational Media Services	<u>\$ 35,215</u>	<u>\$ 34,928</u>	<u>\$ 38,020</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Supervision and Direction of Instructional Staff</u>			
Salaries	\$ 7,579	\$ 7,579	\$ 7,189
Employee Benefits	1,869	1,805	1,612
Purchased Services	450	395	449
Total Supervision/Direction	<u>\$ 9,898</u>	<u>\$ 9,779</u>	<u>\$ 9,250</u>
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries	\$ 3,500	\$ 3,480	\$ 3,760
Employee Benefits	270	266	287
Purchased Services	22,375	24,154	32,772
Supplies and Materials	0	0	501
Other Expense	2,395	2,390	2,186
Total Board of Education	<u>\$ 28,540</u>	<u>\$ 30,290</u>	<u>\$ 39,506</u>
<u>Executive Administration</u>			
Salaries	\$ 78,000	\$ 78,000	\$ 71,377
Employee Benefits	32,357	32,121	24,358
Purchased Services	4,765	4,817	2,510
Other Expense	1,745	1,742	1,698
Total Executive Administration	<u>\$ 116,867</u>	<u>\$ 116,680</u>	<u>\$ 99,943</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	\$ 97,990	\$ 98,297	\$ 97,800
Employee Benefits	66,235	65,855	62,087
Purchased Services	90	89	885
Supplies and Materials	2,000	1,976	1,865
Other Expense	615	614	515
Total Office of the Principal	<u>\$ 166,930</u>	<u>\$ 166,831</u>	<u>\$ 163,152</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Other School Administration</u>			
Other Expense	\$ 1,220	\$ 1,118	\$ 1,407
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	\$ 40,135	\$ 40,133	\$ 40,562
Employee Benefits	23,015	22,929	19,596
Purchased Services	500	500	2,468
Other Expense	665	820	717
Total Fiscal Services	<u>\$ 64,315</u>	<u>\$ 64,382</u>	<u>\$ 63,343</u>
<u>Other Business Services</u>			
Purchased Services	\$ 30,565	\$ 30,499	\$ 23,815
Supplies and Materials	3,400	3,327	2,724
Other Expense	9,955	9,954	8,565
Total Other Business Services	<u>\$ 43,920</u>	<u>\$ 43,780</u>	<u>\$ 35,104</u>
<u>Operation and Maintenance of Plant</u>			
Salaries	\$ 101,741	\$ 100,832	\$ 105,189
Employee Benefits	69,565	67,512	68,343
Purchased Services	75,008	73,671	79,535
Supplies and Materials	107,275	101,287	99,309
Capital Outlay	3,700	3,643	44,632
Total Operation and Maintenance	<u>\$ 357,289</u>	<u>\$ 346,945</u>	<u>\$ 397,008</u>
<u>Pupil Transportation Services</u>			
Salaries	\$ 86,503	\$ 86,244	\$ 88,015
Employee Benefits	19,152	18,185	34,164
Purchased Services	8,107	8,317	6,579
Supplies and Materials	38,960	38,837	42,575
Capital Outlay	0	0	108,505
Total Pupil Transportation Services	<u>\$ 152,722</u>	<u>\$ 151,583</u>	<u>\$ 279,838</u>



BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>CENTRAL SERVICES</u>			
<u>Information Management Services</u>			
Salaries	\$ 0	\$ 0	\$ 80
Employee Benefits	0	0	17
Purchased Services	15,563	16,576	43,566
Supplies and Materials	2,500	2,537	1,449
Capital Outlay	0	0	6,000
Total Information Management Services	<u>\$ 18,063</u>	<u>\$ 19,113</u>	<u>\$ 51,112</u>
<u>Other Central Services</u>			
Purchased Services	\$ 15,870	\$ 15,865	\$ 13,204
Other Expense	2,360	2,355	2,470
Total Other Central Services	<u>\$ 18,230</u>	<u>\$ 18,220</u>	<u>\$ 15,674</u>
<u>COMMUNITY SERVICES</u>			
<u>Community Learning Center</u>			
Purchased Services	\$ 402	\$ 402	\$ 0
Supplies and Materials	0	0	1,588
Total Direction	<u>\$ 402</u>	<u>\$ 402</u>	<u>\$ 1,588</u>
<u>OTHER TRANSACTIONS</u>			
<u>Transfers to Other School Districts</u>			
TBA School to Work	\$ 2,000	\$ 0	\$ 3,300
Dual Enrollment Tuition	8,600	8,569	13,124
Manufacturing Academy Tuition	0	4,141	3,300
Medicaid Services	0	0	2,003
Total Transfers to Other Districts	<u>\$ 10,600</u>	<u>\$ 12,710</u>	<u>\$ 21,727</u>

BUCKLEY COMMUNITY SCHOOLS  
BUCKLEY, MICHIGAN

GENERAL FUND  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>DEBT SERVICE</u>			
Interest on Notes and Loans	\$ 18,900	\$ 23,826	\$ 20,824
Principal Retirement			
Computer Lease/Purchase	8,800	9,303	8,780
Bus Loans	43,000	42,974	57,515
Total Debt Service	<u>\$ 70,700</u>	<u>\$ 76,103</u>	<u>\$ 87,119</u>
 TOTAL EXPENDITURES	 <u>\$ 3,204,586</u>	 <u>\$ 3,200,532</u>	 <u>\$ 3,397,274</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

2005 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 105,136	\$ 258,313
Taxes Receivable	129	36
Due from General Fund	131	6,257
Due from Other Governments	0	432
	<hr/>	<hr/>
TOTAL ASSETS	\$ 105,396	\$ 265,038
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 129	\$ 36
<u>FUND BALANCE</u>		
Unreserved		
Designated	<hr/> 105,267	<hr/> 265,002
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 105,396	\$ 265,038
	<hr/>	<hr/>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

2005 DEBT RETIREMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 279,350	\$ 276,252	\$ 503,470
Adjustment to Prior Year Levies	0	0	464
Interest on Delinquent Taxes	0	2	1
Other Taxes			
Commercial Forest	25	25	84
Earnings on Investments and Deposits	6,100	7,808	7,253
Total Revenues	<u>\$ 285,475</u>	<u>\$ 284,087</u>	<u>\$ 511,272</u>
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Bond Principal	\$ 180,000	\$ 180,000	\$ 160,000
Redemption of School Bond Loan Fund Principal	160,000	159,337	150,890
Interest on Debt	148,833	104,085	174,106
Bond Issuance Costs	0	0	63,207
Payments to Escrow Agents	0	0	129,436
Dues and Fees	400	400	0
Total Expenditures	<u>\$ 489,233</u>	<u>\$ 443,822</u>	<u>\$ 677,639</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (203,758)</u>	<u>\$ (159,735)</u>	<u>\$ (166,367)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Refunding Bonds Issued	\$ 0	\$ 0	\$ 2,300,000
Payment to Refunded Bond Escrow Agent	0	0	(2,234,957)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,043</u>
Net Change In Fund Balance	<u>\$ (203,758)</u>	<u>\$ (159,735)</u>	<u>\$ (101,324)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>265,002</u>	<u>265,002</u>	<u>366,326</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 61,244</u>	<u>\$ 105,267</u>	<u>\$ 265,002</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 8,317	\$ 9,232
Due from Other Funds	8,855	1,137
Inventory	3,094	3,824
	<hr/>	<hr/>
TOTAL ASSETS	\$ 20,266	\$ 14,193
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 4,120	511
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 3,094	\$ 3,824
Unreserved		
Designated for Food Service	13,052	9,858
	<hr/>	<hr/>
Total Fund Balance	\$ 16,146	\$ 13,682
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 20,266	\$ 14,193
	<hr/> <hr/>	<hr/> <hr/>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 100	\$ 83	\$ 24
Food Sales to Pupils	29,950	30,158	30,294
Food Sales to Adults	2,590	2,906	5,251
Ala-Carte Sales	6,551	6,549	5,018
Miscellaneous	0	0	67
State Sources			
State Aid			
Food Service	6,830	5,954	5,779
Breakfast Program	0	3,211	11,224
Federal Sources			
National School Breakfast Program	0	11,385	12,211
National School Lunch Program	52,555	46,813	45,795
U.S.D.A. Non-Bonus Commodities	7,400	4,349	5,920
U.S.D.A. Bonus Commodities	700	490	612
Total Revenues	<u>\$ 106,676</u>	<u>\$ 111,898</u>	<u>\$ 122,195</u>
<u>EXPENDITURES</u>			
Food Service			
Salaries	\$ 47,205	\$ 45,809	\$ 50,686
Employee Benefits	19,710	17,445	25,109
Purchased Services	305	255	387

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Supplies and Materials	46,530	45,246	60,406
Other Expense	700	679	656
Total Expenditures	\$ 114,450	\$ 109,434	\$ 137,244
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,774)	\$ 2,464	\$ (15,049)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	0	0	11,846
Net Change in Fund Balance	\$ (7,774)	\$ 2,464	\$ (3,203)
<u>FUND BALANCE</u> - Beginning of Year	13,682	13,682	16,885
<u>FUND BALANCE</u> - End of Year	<u>\$ 5,908</u>	<u>\$ 16,146</u>	<u>\$ 13,682</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET  
JUNE 30, 2006

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 4,110	\$ 822
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 329
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	4,110	493
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,110	\$ 822



BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

ATHLETIC ACTIVITIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 10,347	\$ 10,347	\$ 9,742
Earnings on Investments and Deposits	50	59	22
Contributions	2,750	2,754	0
Total Revenues	\$ 13,147	\$ 13,160	\$ 9,764
<u>EXPENDITURES</u>			
Athletic Activities			
Salaries	\$ 60,471	\$ 59,984	\$ 64,449
Employee Benefits	15,181	14,618	14,968
Purchased Services	3,050	12,027	14,827
Supplies and Materials	5,749	5,637	7,475
Capital Outlay	2,080	2,057	1,052
Other Expense	150	150	240
Total Expenditures	\$ 86,681	\$ 94,473	\$ 103,011
Excess (Deficiency) of Revenues Over Expenditures	\$ (73,534)	\$ (81,313)	\$ (93,247)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	84,300	84,930	92,989
Net Change in Fund Balance	\$ 10,766	\$ 3,617	\$ (258)
<u>FUND BALANCE</u> - Beginning of Year	493	493	751
<u>FUND BALANCE</u> - End of Year	\$ 11,259	\$ 4,110	\$ 493

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

DURANT DEBT RETIREMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

REVENUES

State Sources

Durant Settlement Debt Service	\$ 3,011
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EXPENDITURES

Debt Service

Redemption of Principal	\$ 0
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Interest on Debt	<u>3,011</u>
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Total Expenditures	<u>\$ 3,011</u>
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Excess (Deficiency) of Revenues Over Expenditures	\$ 0
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<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>
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BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

2006 CAPITAL PROJECTS FUND

BALANCE SHEET  
JUNE 30, 2006

ASSETS

Investments	\$ 66,426
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LIABILITIES AND FUND BALANCE

LIABILITIES

Bid Deposit	\$ 66,400
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FUND BALANCE

Reserved for Capital Projects	26
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TOTAL LIABILITIES AND FUND BALANCE	\$ 66,426
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BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

2006 CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

REVENUES

Local Sources

Earnings on Investments and Deposits	\$ 26
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EXPENDITURES

0

Excess (Deficiency) of Revenues Over  
Expenditures

\$ 26

FUND BALANCE - Beginning of Year

0

FUND BALANCE - End of Year

\$ 26

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE  
YEAR ENDED JUNE 30, 2006

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/01/05	(INCLUDING TRANSFERS)		6/30/06
Academic	\$ 1,482	\$ 1,702	\$ 3,016	\$ 168
Art - Elementary	108	0	108	(0)
Athletic Association	967	177	223	921
Band Boosters	794	0	400	394
Band Resale	218	0	0	218
Baseball-Boys	73	0	0	73
Basketball-Boys JV	6	0	0	6
Beverage Activity Account	5,356	3,671	8,771	256
Basketball-Girls JV	183	0	0	183
Basketball Camp-Boys	180	4,751	4,920	11
Basketball Camp-Girls	173	827	884	116
Basketball Camp-JH Boys	8	0	0	8
Basketball Camp-JH Girls	371	250	0	621
Buckley Alumni Association	87	2,157	1,993	251
Buckley Alumni Scholarship	488	471	250	709
Cheerleaders	69	929	728	270
Cheerleaders-JH 7th	123	0	0	123
Class of 1978	284	0	0	284
Class of 1982	83	0	0	83
Class of 1988	546	0	9	537
Class of 1989	39	0	0	39
Class of 1991	199	0	0	199
Class of 1992	286	0	0	286
Class of 1995	60	0	0	60
Class of 1996	527	1	0	528
Class of 2001	473	0	0	473
Class of 2004	6	0	0	6
Class of 2006	10,009	6,444	15,630	823
Class of 2007	10,120	4,445	3,472	11,093
Class of 2008	10,963	4,848	3,400	12,411
Class of 2009	6,626	8,259	3,284	11,601
Class of 2010	2,001	1,231	888	2,344
Class of 2011	1,697	1,504	928	2,273
Class of 2012	1,235	367	777	825

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE  
YEAR ENDED JUNE 30, 2006

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/01/05	(INCLUDING TRANSFERS)		6/30/06
Class of 2012-B	871	0	871	0
Class of 2013	0	1,284	528	756
Class of 2013-B	0	1,570	507	1,063
Class of 2013/2014	378	0	378	0
Class of 2013/2014-B	505	0	505	0
Class of 2013/2014-C	844	0	844	0
Class of 2014/2015	0	1,626	730	896
Class of 2014/2015-B	0	1,927	843	1,084
Class of 2014/2015-C	0	1,260	682	578
Class of 2015	647	0	647	0
Class of 2015-B	848	0	848	0
Class of 2016	762	492	1,090	164
Class of 2016-B	488	0	488	0
Class of 2016/2017	0	1,136	179	957
Class of 2017	590	773	414	949
Class of 2018	0	1,153	406	747
Community Learning Centers	305	0	305	0
Community Involvement	408	0	56	352
Computer	282	0	282	0
Cross Country	381	1,144	981	544
Dance Team	73	0	0	73
Drama	1,387	109	98	1,398
Elementary Fundraiser	0	10,789	10,789	0
Elementary Ed	143	0	143	0
Environmental Science	456	346	346	456
Fruit and Flowers	12	0	12	0
Girls Softball	256	1,511	1,309	458
Hardship	242	0	149	93
Holland Donation	1,040	0	0	1,040
K Duff Athletic Scholar Memorial	5,934	337	0	6,271
Kitchen Activity Account	40	160	200	0
L. Beeman Memorial	260	0	0	260
Library	34	1,237	1,192	79
Literary Club	19	0	19	0

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE  
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Mini Grant	15	0	15	0
National Honor Society	303	179	11	471
Physical Education - Elementary	108	0	108	0
Physics and Science	150	2,587	2,574	163
Publications Class	1,514	6,057	6,778	793
Resource Room	131	0	131	0
Resource Room - Elementary	53	0	53	0
S.A.D.D.	50	0	50	0
Scholarship	61	0	0	61
Scoreboard Fund	26	0	26	0
Ski Club II	276	50	0	326
Soccer	0	1,781	1,652	129
Spanish Class	94	0	0	94
Student Council	1,562	1,750	2,106	1,206
Teacher Scholarship	125	600	0	725
Track	0	1,367	1,233	134
Track Equipment	0	5,000	0	5,000
Track JH	0	162	162	0
Video Yearbook	82	0	0	82
Volleyball	410	424	684	150
Interest Income	0	690	690	0

\$ 78,005	\$ 89,535	\$ 91,795	\$ 75,745
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Represented by

Assets

Cash	\$ 72,213	\$ 69,616
Certificate of Deposit	5,542	5,879
Investments	250	250
Total Assets	<u>\$ 78,005</u>	<u>\$ 75,745</u>

Liabilities

Due to Groups and Organizations	<u>\$ 78,005</u>	<u>\$ 75,745</u>
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BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

SCHEDULE OF 2005 TAX ROLL  
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND ( 18.00 MILLS)</u>				
<u>GRAND TRAVERSE COUNTY</u>				
Grant Township	\$ 6,799,770	\$ 122,396	\$ 112,769	\$ 9,627
Green Lake Township	13,240	238	238	0
Mayfield Township	3,491,244	62,842	50,857	11,985
<u>WEXFORD COUNTY</u>				
Hanover Township	10,701,066	192,617	148,807	43,810
Wexford Township	2,811,349	50,604	46,082	4,522
	<u>\$ 23,816,669</u>	<u>\$ 428,697</u>	<u>\$ 358,753</u>	<u>\$ 69,944</u>
<u>1995 DEBT RETIREMENT FUND (3.95 MILLS)</u>				
<u>GRAND TRAVERSE COUNTY</u>				
Grant Township	\$ 21,128,350	\$ 83,454	\$ 73,438	\$ 10,016
Green Lake Township	100,020	395	395	0
Mayfield Township	12,122,580	48,500	41,532	6,968
<u>WEXFORD COUNTY</u>				
Hanover Township	27,751,302	109,612	86,922	22,690
Wexford Township	8,477,422	33,484	30,200	3,284
	<u>\$ 69,579,674</u>	<u>\$ 275,445</u>	<u>\$ 232,487</u>	<u>\$ 42,958</u>



BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

2005 REFUNDING BONDS  
JUNE 30, 2006

AMOUNT OF ISSUE \$ 2,300,000

AMOUNT REDEEMED

Current Year	\$ 180,000	
Prior Years	0	180,000

BALANCE OUTSTANDING - June 30, 2006 \$ 2,120,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2006			37,344	37,344
May 1, 2007	3.000%	175,000	37,344	212,344
November 1, 2007			34,719	34,719
May 1, 2008	3.000%	175,000	34,719	209,719
November 1, 2008			32,094	32,094
May 1, 2009	3.000%	170,000	32,094	202,094
November 1, 2009			29,544	29,544
May 1, 2010	3.000%	110,000	29,544	139,544
November 1, 2010			27,894	27,894
May 1, 2011	3.000%	100,000	27,894	127,894
November 1, 2011			26,394	26,394
May 1, 2012	3.000%	95,000	26,394	121,394
November 1, 2012			24,969	24,969
May 1, 2013	3.250%	95,000	24,969	119,969
November 1, 2013			23,425	23,425
May 1, 2014	3.250%	100,000	23,425	123,425
November 1, 2014			21,800	21,800
May 1, 2015	3.500%	100,000	21,800	121,800
November 1, 2015			20,050	20,050
May 1, 2016	3.650%	100,000	20,050	120,050
November 1, 2016			18,225	18,225

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

2005 REFUNDING BONDS  
JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2017	3.650%	100,000	18,225	118,225
November 1, 2017			16,400	16,400
May 1, 2018	4.000%	100,000	16,400	116,400
November 1, 2018			14,400	14,400
May 1, 2019	4.000%	100,000	14,400	114,400
November 1, 2019			12,400	12,400
May 1, 2020	4.000%	100,000	12,400	112,400
November 1, 2020			10,400	10,400
May 1, 2021	4.000%	100,000	10,400	110,400
November 1, 2021			8,400	8,400
May 1, 2022	4.200%	100,000	8,400	108,400
November 1, 2022			6,300	6,300
May 1, 2023	4.200%	100,000	6,300	106,300
November 1, 2023			4,200	4,200
May 1, 2024	4.200%	100,000	4,200	104,200
November 1, 2024			2,100	2,100
May 1, 2025	4.200%	100,000	2,100	102,100
		<u>\$ 2,120,000</u>	<u>\$ 742,116</u>	<u>\$ 2,862,116</u>

BUCKLEY COMMUNITY SCHOOL  
BUCKLEY, MICHIGAN

1998 DURANT BONDS  
JUNE 30, 2006

<u>AMOUNT OF ISSUE</u>		\$	42,878
<u>AMOUNT REDEEMED</u>			
Current Year		\$	0
Prior Years			15,485
			<u>15,485</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>			<u>\$ 27,393</u>

<u>DUE DATES</u>	INTEREST	REQUIREMENTS		
	RATES	PRINCIPAL	INTEREST	TOTAL
May 15, 2007	3.206%	1,630	1,381	3,011
May 15, 2008	3.206%	2,185	826	3,011
May 15, 2009	3.206%	2,255	756	3,011
May 15, 2010	3.206%	2,327	684	3,011
May 15, 2011	3.206%	2,402	609	3,011
May 15, 2012	3.206%	13,677	532	14,209
May 15, 2013	3.206%	2,917	94	3,011
		<u>\$ 27,393</u>	<u>\$ 4,882</u>	<u>\$ 32,275</u>

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JERRY L. COTTER, C.P.A.  
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JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

July 10, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Buckley Community School  
Buckley, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckley Community School, Buckley, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Buckley Community School, Buckley, Michigan's basic financial statements and have issued our report thereon dated July 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buckley Community School, Buckley, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Buckley Community School, Buckley, Michigan's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the District make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckley Community School, Buckley, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P. C.

*Baird, Cotter & Bishop, P.C.*

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CERTIFIED PUBLIC ACCOUNTANTS

July 10, 2006

To the Board of Education  
Buckley Community School  
Buckley, Michigan

Dear Board Members:

During our examination of the financial statements and records of the Buckley Community School for the year ended June 30, 2006, we noted the following items which we believe should be considered for adoption into the management and accounting procedures of the School District:

Condition of Accounting Records

We found the District's accounting records to be in very good condition again this year

Single Audit

The threshold for requiring a Single Audit of federal award programs is \$500,000. Therefore it was not necessary to perform a Single Audit this year.

2005-06 Results

Although total fund balances for all funds of the District decreased by \$138,139, the General Fund increased by \$17,250, and overall net assets increased by \$191,948. This reflects the fact that debts for buildings and equipment are being paid off at a faster rate than the District's assets are depreciating. The 2005 Debt Retirement Fund balance decreased by \$161,470 because it was able to pay off the School Bond Loan Fund loan this year. It is an indication that the overall financial condition of the District is good even as it struggles to maintain programs due to the funding difficulties that the state is having.

We wish to thank the Board for this opportunity to be of continuing service. We would also like to thank the administration and staff for their cooperative spirit and assistance in helping us complete this engagement. If we can be of further assistance, please do not hesitate to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*